

# ALERT HOLDINGS GROUP, INC.

## OPERATING DIVISIONS

ALERT ALARM OF HAWAII  
AAA ALARM COMPANY OF OREGON  
ENGINEERED SECURITY SPECIALISTS  
FEDERAL MONITORING SERVICE, INC.

September 16, 1996

Mr. William F. Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street N.W.  
Washington, D.C. 20554

Re: CC Docket No. 96-152

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Dear Mr. Caton:

I recently learned that the Federal Communications Commission is considering rules to implement the alarm monitoring provisions of the Telecommunications Act of 1996. As a provider of alarm monitoring services, Alert Holdings Group, Inc. is vitally interested in CC Docket No. 96-152, which will implement Section 275 of the '96 Act. Alert Holdings Group, Inc. urges the Commission to interpret Section 275 in the manner intended by Congress and resist Bell Company attempts to reduce the section to a meaningless technical provision.

Alert Holdings Group, Inc. is completely dependent on the local telephone company for connection of its alarm monitoring customers to its alarm monitoring center. There is no practical alternative at this time. As a result, Alert Holdings Group, Inc. is extremely vulnerable to potentially anticompetitive conduct by Bell Companies

Section 275 provides a 5 year prohibition on Bell Company entry into the alarm business in order to permit local competition to develop that will give alarm monitoring services companies, like Alert Holdings Group, Inc., an alternative local network to use. Although local competitors have

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begun the process of entry into the largest markets, it likely will be years before any of them present a viable alternative to the incumbent Bell Companies.

Alert Holdings Group, Inc. understands that certain Bell Companies now contend that Section 275 is only a very narrow prohibition. Accordingly, these incumbent monopolists contend that Section 275 allows them immediately to resell alarm monitoring services, or engage in marketing, sales agency, billing and customer inquiry services associated with alarm monitoring services. Moreover, these Bell Companies plan to be compensated for these activities through a percentage of the alarm monitoring revenues. This interpretation of Section 275 will give GTE Hawaiian Tel all the same opportunities and incentives to discriminate and compete unfairly that it would have had if the 5 year ban did not exist. In other words, it will make the 5 year prohibition meaningless and could have an extremely detrimental impact on Alert Holdings Group, Inc.

Alert Holdings Group, Inc. further understands that Ameritech has invented a reading of Section 275 that would subvert the ban on that company's acquisition of other alarm monitoring services for five years. In fact, Ameritech has announced its purchase of the alarm business of Circuit City Stores, and has solicited numerous other companies in an effort to buy them out. If allowed to prevail, this reading of Section 275 will render meaningless the 5 year prohibition on Ameritech's purchase of other alarm monitoring companies. Again, the protections provided to small alarm monitoring business by Section 275 will be eliminated.

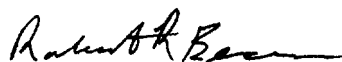
Alert Holdings Group, Inc. has also learned of still another Bell Company effort to undermine Section 275. This time, U S West contends that it offered services prior to November 30, 1995 which qualifies it to participate in the alarm monitoring business in the same way as Ameritech.

As with the other Bell Company attempts to escape the provisions of Section 275, it is critical to Alert Holdings Group, Inc. that this effort not succeed. Enforcement of the provisions of Section 275 for the 5 year probationary period is crucial if local competition is to develop sufficiently to provide alarm companies with alternative sources of local transmission.

Alert Holdings Group, Inc. believes that the '96 Act represents a congressional compromise between the interests of the alarm monitoring industry's fears of aticompetitive conduct by the Bell Companies and the telephone companies' desire to enter the alarm business. A 5 year prohibition to enable local competition to take root before Bell Company entry seems to balance the interests of the parties fairly. If the recent Bell Company efforts succeed in interpreting Section 275 as a narrow, trivial provision, however, the entire intent and effect of the interim protections will be lost.

Alert Holdings Group, Inc. urges the FCC to reject these Bell Company distortions of Section 275 and implement it in a manner consistent with Congress' intent.

Respectfully Submitted

A handwritten signature in dark ink, appearing to read "Robert R. Bean", with a stylized flourish at the end.

Robert R. Bean  
President/CEO

RRB/mk